



## Legislation Text

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### City of Alexandria, Virginia

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#### MEMORANDUM

**DATE:** JANUARY 4, 2022

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:** MARK B. JINKS, CITY MANAGER /s/

**DOCKET TITLE:**

Introduction and First Reading. Consideration. Passage on First Reading of an Ordinance Authorizing the Disposition and Sale of City Vacant Land Located at 4575 Seminary Road to the Alexandria Housing Development Corporation, and Request for Public Hearing, Second Reading and Final Passage.

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**ISSUE:** Disposition and sale of City vacant land located at 4575 Seminary Road to the Alexandria Housing Development Corporation (AHDC) to enable affordable housing development.

**RECOMMENDATION:** That City Council, approve the attached land sale Ordinance (Attachments 1 and 2) for 4575 Seminary Road on first reading and schedule it for second reading, public hearing, and final passage on January 22, 2022.

**BACKGROUND:** The City owns undeveloped land located at 4575 Seminary Road which is immediately adjacent to Fire Station 206 (Attachment 3). According to the City's tax records, the parcel was donated by grant to the City in 1962 and serves no current public purpose except to provide informal access to City open space behind it. The parcel was included as part of a property inventory study received by City Council at its legislative meeting on May 26, 2009, that was compiled by consultant firm, Jones Lang LaSalle, to identify City-owned real estate for potential disposition, sale, and (re) development. As a result of the study, some parcels were recommended for disposition in the near and mid-terms. While the 4575 Seminary Road parcel was included in the Jones Lang LaSalle study, in its report the consultant suggested that consideration of disposition be deferred to the future, specifically, "Revisit after the completion of the Beauregard Small Area Plan." The Beauregard Small Area Plan was subsequently adopted by City Council in June 2012.

**DISCUSSION:** AHDC proposes using 4575 Seminary Road as part of a land assemblage that includes two other properties: a private home located at 4555 Seminary Road, on which AHDC holds an option to purchase, and a group home owned by Sheltered Homes of Alexandria (SHA) located at 4547. The disposition of the City

parcel was raised in AHDC's September 2020 request for predevelopment funding (at that time rental housing was envisioned), and as noted there, AHDC plans to combine the three parcels to create a mixed-ability affordable housing development that is now contemplated to include 31 for-sale townhomes (to be sold to eligible first-time purchasers with household incomes up to 80% of the area median income - in 2021, \$103,200 for a 4-person household), along with an 8-unit multifamily condominium flats building. Three of the one-level condominiums will be owned and operated by SHA to serve up to 12 persons with intellectual and/or developmental disabilities, including the current six residents of its Seminary Road group home, as well as five condominium flats to also be sold to eligible first-time purchasers with incomes up to 80% AMI).

Through Community Impact Grant resources awarded by Virginia Housing, AHDC is currently studying various affordable homeownership models that facilitate creation of generational wealth while also preserving long term affordability through equity sharing. Housing staff are coordinating closely in the study to ensure that the structure to be developed at Seminary Road aligns with City affordable homeownership goals and programs. A community land trust, or community land trust-like model is anticipated, where the cost of housing is moderated to be more affordable by bifurcating the land from the improvements (the housing), with the land to be owned and maintained in perpetuity by AHDC or a related entity. AHDC's development will continue to maintain informal access to the City open space.

It is noted that the City's May 2010 real estate disposition policy created a carve out for AHDC, a nonprofit affordable housing development entity created by City Council in 2004, to bypass the typical disposition and sales process in anticipation of the potential use of City properties for affordable housing, when appropriate. The Alexandria 2021 Real Estate Assessment values the City parcel at \$0.8 million (AHDC has estimated its market value at \$1.2 million or more if it were to be privately developed for a non-affordable purpose), however, the substantial upfront subsidies required to make homeownership affordable and replace the housing owned by SHA, have resulted in a staff recommendation that the parcel be sold to AHDC for a nominal cost (\$10) as part of the City's overall financial support for the project. The City's stake in the project, and its continued affordability, will be secured against the land to be owned and maintained by AHDC.

For the City to buy or sell property, the City Planning Commission considers, per Section 9.06 of the City Charter, if such a transaction is consistent with the City's Master Plan. The Planning Commission acted on this 9.06 matter and reported to City Council before December 18 when Council approved the Seminary Road development. It is noted that City Council previously considered disposition and sale of the 4575 Seminary Road parcel and approved first reading at a legislative meeting on December 14, 2021, as a docket item then captioned 22-0566, however staff subsequently discovered a deficiency in notice resulting from a discrepancy among state and city code notice requirements. The item was deferred to allow Council consideration and both first and second readings to occur in January subject to appropriate notice.

**FISCAL IMPACT:** Besides the foregone value of the City-owned parcel at 4575 Seminary Road, AHDC is requesting a separate City grant of up to \$5 million, including the \$250,000 predevelopment loan already awarded) for project costs that will not be recovered through home sales proceeds. A Virginia Housing Amazon Impact REACH Grant of \$2,500,000 was awarded to the project, and AHDC is working with SHA to secure potential grant funding, including from Virginia Housing Trust Fund monies and other sources to supplement costs related to the three SHA units (which will substantially increase SHA's capacity to serve residents at this site). While the City funds are characterized as a grant, AHDC is exploring non-City funds, and New Market Credits that could substantially reduce the City grant amount. Staff will provide updates to City Council regarding the final grant amount, as well as the housing model proposed, as the project proceeds and the full funding package is secured.

It has been the City's policy to use the proceeds from the sale of City surplus land parcels to the City's open space land acquisition fund where it is used to acquire additional land for open space creation or preservation. In this case neither Housing nor AHDC has the monies to pay the \$1 million (the amount half-way between the City assessment office valuation and the AHDC market valuation) needed to keep the open space fund whole. Although the City would retain a level of ownership interest in the redeveloped Seminary road property, the practical effect of this transaction is to remove a parcel of open space from the City's inventory for a generation or more. As a result, in order to keep the City's open space fund whole, it is planned that \$1 million be added to the FY 2023 CIP open space fund account above and beyond \$1.250 million that is already programmed for FY 2023 for open space acquisition.

**ATTACHMENTS:**

1. Cover Sheet
2. Ordinance Approving and Authorizing the Sale of Property Owned by the City At 4575 Seminary Road to the Alexandria Housing Development Corporation
3. Site Map showing 4575 Seminary Road

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